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NEWS CLIPPINGS

Currency Watch	
USD	79.86
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INTERNATIONAL NEWS

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Cotton Highlights from July WASDE Report

USDA has released its July 2022 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The U.S. 2022/23 cotton projections show lower production, exports, and ending stocks compared with last month. While the June 30 Acreage report shows nearly 250,000 additional acres planted than in the previous NASS survey, harvested area is forecast nearly 600,000 acres lower this month. Continued below-average precipitation, primarily in Texas, means abandonment is projected higher this month – nearly four times the previous year's level.

U.S. production is projected 1 million bales lower than in June, at 15.5 million. U.S. exports are also projected lower, down 500,000 bales to 14.0 million, reflecting both lower U.S. production and a reduction in world trade. At 2.4 million bales, 2022/23 U.S. ending stocks are now expected to be 1.0 million bales lower than in 2021/22.

For the global 2022/23 cotton balance sheet, ending stocks are higher than projected in June, despite a 1.2 million bale cut to expected production. Beginning stocks are higher, as 2021/22 consumption is cut nearly 2.0 million bales and projected consumption in 2022/23 is also reduced by 1.6 million. While China accounts for half of the month-to-month decline in 2021/22 consumption, the change in 2022/23 consumption is spread over four major consumers: China, India, Bangladesh, and Vietnam. Brazil is the only country besides the United States to have its 2022/23 production reduced.

World trade is cut 1.1 million bales, with reduced imports by China, Bangladesh, and Vietnam. Brazil's exports are 500,000 bales lower, partly reflecting lower expected production there in 2021/22. Global ending stocks are projected 1.5 million bales higher than in June and about equal to the 2021/22 level.

Source: cottongrower.com– Jul 12, 2022

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China's Economic Growth Slows Sharply as Covid Policy Takes a Toll

The Chinese economy grew this spring at its slowest rate since the beginning of the coronavirus pandemic, a sharp slowdown from a Covid-19 policy that continues to prompt widespread lockdowns and mass quarantines, bringing some business activity to a halt.

The National Bureau of Statistics said on Friday that the economy expanded 0.4 percent from a year earlier in the second quarter, the lowest rate of growth since the first three months of 2020. That was when the country effectively shut down to fight the early stages of the pandemic, its economy shrinking for the first time in 28 years.

The 2020 downturn was short-lived, with the Chinese economy recovering almost immediately. But the current outlook is not so promising. Unemployment is close to the highest levels on record. The housing market is still a mess, and small businesses are bearing the brunt of weakness in consumer spending.

The slowing economy poses a political problem for China, which is trying to project unwavering strength and stability in a year when it is scheduled to hold its Communist Party congress. Xi Jinping, the country's leader, is expected to coast to another five-year term.

A thriving economy and the promise of growing wealth have underpinned China's ascent, part of the bargain that Chinese citizens accept in exchange for living under authoritarian rule. But the lockdowns, a staple of Beijing's zero-Covid policy, have heightened the risk of instability — socially and economically.

“China is the shoe that has never dropped in the global economy,” said Kenneth Rogoff, a professor of economics at Harvard University and a former chief economist for the International Monetary Fund. “China is no position to be the global engine of growth right now, and the long-term fundamentals point to much slower growth in the next decade.”

In May, Li Keqiang, China's premier, called an emergency meeting and sounded the alarm about the need to gin up economic growth to more than 100,000 officials from businesses and local governments. The stark warning cast doubt about China's ability to reach its earlier growth target of 5.5 percent for the year.

Measures to crack down on excessive borrowing by property developers have combined with the Covid restrictions to exacerbate a slowdown that could have global implications. Last month, Nike said revenue and profit fell in its most recent fiscal quarter, with sales to China falling 19 percent.

The most recent economic malaise hit in April and May, when Shanghai, China's largest city, went into lockdown for nearly two months and the impact rippled through the economy. Office buildings were closed, and workers were ordered to remain at home. Throughout China, hundreds of millions of consumers were shut in — leaving stores, restaurants and service providers to carry on without customers.

Zheng Jingrong, an owner of a shop in Beijing selling imported handmade clothes, said she had typically sold 150 to 200 pieces of clothing in a month before the pandemic. In May, she sold 20. Her regular customers don't come by anymore, she said, and people are generally reluctant to go out. Each year of the pandemic has been "worse than the year before," Ms. Zheng said.

And the problem is not limited to her clothing shop. Ms. Zheng said more than 300 stores used to operate in the same neighborhood as her shop in Gulou, a maze of streets and alleyways once teeming with food stalls, cafes and bars. She estimated that 20 percent of those businesses were closing or had closed.

"Because China started booming and developing from the 1980s, its economy had always been going up," said Ms. Zheng, who has run the shop for 15 years. "Now it's obviously going down."

Retail sales, an indicator of how much consumers are spending, fell 4.6 percent from a year earlier in April through June, according to the government.

And even as the economy improved in June, the threat of further mass quarantines may derail that nascent recovery. This week, the cities of Xi'an, Lanzhou and Haikou imposed partial lockdowns, setting restrictions on several million residents by closing nonessential businesses and enforcing mass testing.

The Japanese securities firm Nomura estimated that, as of Monday, 247 million people in 31 cities were under some kind of lockdown in China, covering about one-fifth of the national population and accounting for the equivalent of around $4.3 trillion in annual gross domestic product. The number of affected cities nearly tripled from a week earlier.

Beijing has urged local authorities to step up measures to ensure job stability during lockdowns. And yet, with so many small and medium-size businesses suffering financially, the government has struggled to get a handle on rising unemployment.

As of June, unemployment stood at 5.5 percent — an improvement from April and May but close to the highest level since China started reporting the figures in 2018. For job seekers ages 16 to 24, who include new college graduates, the unemployment rate was more than three times as high at 19.3 percent.

James Fu resigned from his job last month as a landscape designer for a property developer — a grueling job that he grew to hate. But now he's dealing with the anxiety of finding a job in a tough labor market, especially in real estate.

Mr. Fu, 28, said fewer jobs were available at property companies because firms were either struggling financially or using the downturn to justify cutting staff and costs. And because the pool of jobs has shrunk, he said, the requirements to secure one have gone up. He said a job that he might have gotten in the past with two to three years of experience now required five to 10 years, at the same salary.

"I've been at a standstill recently," said Mr. Fu, who lives in Chengdu, Sichuan Province. "This year may be particularly difficult. I think it has been more difficult since the pandemic began."

Along with the high unemployment, there are emerging signs that the weakness in the property market could also pose a major problem for China's government this year. Measures to limit property speculation pushed the sector into a debt spiral, depressing the prices of new homes for the first time in years and rattling the confidence of consumers, many of whom had plowed household savings into real estate.

Dissatisfaction among people who bought homes before they were built is growing. According to state media, more home buyers are refusing to pay mortgages, upset about delays in construction as well as declines in home prices.

Buyers of 35 projects across 22 cities have decided to stop paying mortgages, a Citigroup analyst, Griffin Chan, wrote in a note to clients on Wednesday. That has put property firms in a bind: If they walk away with the customers' down payments for not paying their mortgages, "social instability" could result, Mr. Chan said.

Source: nytimes.com– Jul 14, 2022

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USA: Fashion Alert: What's in Store for Raw Material Costs, Demand and Supply

Apparel supply chains are feeling the pinch of rising prices. Increasing input costs mean more expensive yarns, textiles and garments.

Sourcing Journal's new Raw Materials Outlook Report looks at the macroeconomic factors that are shaping pricing and the raw material market at large. Recently, supply has been hampered or slowed by the Russia-Ukraine conflict and the ongoing shipping crisis.

"Whether we will see a broader albeit slower economic growth in the future will depend very much on whether disrupted global supply chains will be rebalanced and how the Russian war in Ukraine will develop in the coming months," said the International Textile Manufacturers Federation (ITMF).

Across the board, the U.S. Bureau of Labor Statistics Producer Price Index (PPI)—which measures selling prices for U.S. producers' materials—has been trending up over the last year.

The price of cotton has risen almost 70 percent in past 12 months, per U.S. Department of Agriculture data. As of the end of May, spot cotton prices were $1.45 per pound on average, compared to 84.03 cents a year prior. The last time average weekly prices were this high was in June 2011.
Per the PPI, prices for synthetic fibers grew 12 percent year-over-year in April, unadjusted. Synthetics are seeing strong demand, but input costs have been impacted by rising crude oil prices tied to the war in Ukraine. Also driving up material prices are supply chain challenges and heftier shipping costs.

Wool, on the other hand, has seen fairly level prices. This year is expected to bring a slight increase in the number of sheep shorn compared to last year, but production is still low.

Wood-based fibers have also been more stable in price compared to other inputs, despite supply chain issues, as well as impacts from the energy market.

A survey by the ITMF showed that on average, executives said they could pass only 40 percent of cost increases on to consumers. The pricing pain is also not being felt equally. Upstream suppliers like fiber producers and spinners are faring better than downstream manufacturers such as mills and cut and sew factories. In response to climbing cotton expenses, garment manufacturers in India's Tamil Nadu went on strike, issuing a "cry for help."

Supply and cost constraints are an issue now, but companies must also watch for demand shifts. In a Cotton Incorporated economic report, the company's senior economist Jon Devine noted that orders from China had decreased for a few months, and inflation could reduce shoppers' purchases of apparel and home goods. "When and if prices turn lower, inventory could evolve into a liability," wrote Devine. "Depending on the depth of any potential reversal, cancelations and financial loss could result."

Lower impact inputs

Although input costs are climbing, sustainability hasn't been put on the back burner.

Only 1 percent of the cotton produced globally in the 2019-20 crop year was organic, but interest in organic cotton is growing. Last year, Global Organic Textile Standard (GOTS) reported a 19 percent increase in certified facilities.

Amid inflated petroleum prices, recycled polyester is also on the rise. For synthetic fiber manufacturer Unifi, the share of sales from its recycled Repreve fiber grew from 34 to 36 percent between the third quarter of the 2021 fiscal year and Q3 in 2022.

Brands are also leaning into alternative fibers as a means to combat rising costs. For instance, Infinited Fiber Company's Infinna has launched partnerships with PVH-owned brands like Tommy Hilfiger and Calvin Klein. Infinna is a cellulosic fiber made from waste and can be used similarly to cotton in products such as denim and jersey materials.

Lenzing's cellulosic Tencel fibers have recently been a less expensive option than cotton, reversing traditional pricing trends. The material brand is helping its brand partners promote the enhanced value in its fibers.

"While the market for textile raw materials remains volatile due to high input costs, supply chain disturbances and uncertain political and economic circumstances, there is an unbroken demand for sustainable fibers, like our Tencel lyocell fibers," Johannes Stefan, commercial director for Europe, the Americas and Turkey at Lenzing, said in the report. "More than once, our partners were positively surprised about the fact that the most sustainable fibers don't have to be the most expensive ones."

Source: sourcingjournal.com– Jul 14, 2022

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White House Closely Tracking Logistics Negotiations Amid Rail Strike Threat

Shipping's busy season is happening as two major labor negotiations with significant implications to the nation's supply chain play out, but that won't be enough to force the White House to inject itself in talks just yet.

White House Port and Supply Chain Envoy Stephen Lyons on Wednesday sat down with Port of Los Angeles executive director Gene Seroka and addressed the looming deadline for President Biden in relation to a new rail contract that would impact 115,000 workers, in addition to contract negotiations that are now in overtime for some 22,000 West Coast dockworkers.

Biden has until July 17 to form a Presidential Emergency Board (PEB) to help the National Carriers' Conference Committee, which is negotiating on behalf of the major rail carriers, and a dozen unions on an agreement for a new labor contract. The two sides are in the midst of a 30-day cooling off period that began June 18 after mediation with the National Mediation Board failed to produce a resolution.

"I don't want to get ahead of the president," Lyons said during the media briefing. "There's been a number of recommendations. He's got until the 17th to make a decision on a PEB. I think what's clear in this case, particularly as I talk to senior leadership and management in the Class 1 freights, they understand, as do the multiple unions here, that we've got to get a contract. It's been too long. We've got to get these folks some wage increases. We've got to address some of these issues and I think that there's a level of energy to move in that direction and so we'll see how this all plays out."

The Brotherhood of Locomotive Engineers and Trainmen confirmed Tuesday 99.5 percent of its membership has authorized a strike should a PEB not be formed. A strike would significantly impact the movement of cargo amid growing concerns over rail congestion.

More than 29,000 rail containers are currently sitting on dock at the Port of Los Angeles. That figure in more normal times is around 9,000, according to the Port of L.A.'s Seroka. Those containers, he said, are currently sitting an average of seven-and-a-half days, compared to the typical two-day dwell time.

"The bottom line: we must take action on this issue immediately to avoid a nationwide logjam," Seroka said during the briefing.

While the potential for a rail strike looms, employers and labor in the West Coast dockworker negotiations have reiterated their commitment to continued cargo movement with no work stoppage or lockouts currently planned.

The former contract expired July 1, with both sides warning ahead of the expiration that talks would likely run past that date.

"I think the negotiations are at a place where you would think the negotiations should be at this particular point," Lyons said of the dockworker contract. "I don't think anybody expected that on the first of July there would be a contract. That's not normally how it works. I do think there's some hard work going on right now in San Francisco. I think both presidents understand the importance of achieving a contract in time and during that process not impeding the flow of goods for Americans."

The briefing with Lyons was held the same day about 100 truck drivers moved through the San Pedro Bay port in protest against Assembly Bill 5 (AB5). The 2019 law would make it more difficult for truck drivers to be classified as independent contractors and would instead make them employees.

Truckers were shielded from AB5 temporarily as the bill was challenged in court. A state appellate court decision initially protected the trucking industry from a three-part test in classifying workers. That decision was later overturned in appeals court. The Supreme Court refused to review the decision last month, with AB5 now expected to be applied to truck drivers.

Lyons also said the White House is still "in the assessment phase" of AB5. "I'm not going to judge one way or the other," he said. "It just is."

"I would say this, though, for the truckers in whatever category you fall. Look, the truckers are so critical to the supply chain," Lyons said. "And we've got to make sure that we're setting the conditions to take care of them to the best of our ability and so we'll remain focused on that.... We'll continue to watch and we'll continue to assess the impacts."

The ports of Los Angeles and Long Beach both confirmed the protests did not impact terminal operations on Wednesday.

A spokesperson for the Port of Oakland confirmed rumors of a similar protest Monday and that the situation would be monitored closely if a protest occurs.

Source: sourcingjournal.com– Jul 14, 2022

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Cashing in on Sri Lankan apparel sector's resilience

Investors are cashing in on the strong prospects of Sri Lanka's apparel and textile exports sector, the country's main export industry, which caters to some of the leading fashion brands globally.

Although the South Asian island announced that it would default on its foreign debt earlier this year, the country's exports and Foreign Direct Investment (FDI) inflows – both overall and relating to the apparel sector – have 'bucked the trend,' showing remarkable resilience.

Sri Lanka's cumulative national merchandise exports for 2022 up to the end of May exceeded US$5.1 billion, a nearly 10% increase from the same period of 2021 and a 46% increase from the corresponding period of 2020. Similarly, the apparel and textile sector recorded US$2.25 billion in export earnings during the same period of 2022, reflecting an 86% increase year-on-year.

FDI inflows to Sri Lanka have mirrored the positive performance of its exports sector.

Overall, Sri Lanka has attracted more than US$ 228 Million in FDI during the first quarter of 2022, a 17% increase compared with the corresponding period of last year. FDI inflows to the apparel sector – considering the value of agreements signed with investors too as increased fourfold up to the end of June 2022 in comparison to January - June of the corresponding period in the previous year.

"Considering the challenges that Sri Lanka has overcome in the past, investors remain confident of the country's prospects and resilience," said Renuka M. Weerakone, the Director-General of Sri Lanka's Board of Investment (BOI), the country's dedicated investment promotion and facilitation agency.

"Due to strong interest, especially among apparel industry investors, we recently set up three new re-investment teams to support investors. We have been receiving multiple queries regarding the availability of suitable land from investors looking to further expand their apparel manufacturing plants in Sri Lanka since many of them have seen an increase in orders."

The BOI has thus far signed agreements worth US$76 million for both new investments and expansions in the apparel sector in 2022. The total pipeline – together with pending approvals for investments and expansions in apparel – currently stands at US$165 million.

Besides expanding apparel manufacturing facilities, some investors are also eyeing lucrative opportunities in raw material production and backward vertical integration in the Sri Lankan apparel industry.

On this front, the BOI has seen strong investor interest, especially in the Eravur Fabric Processing Zone. The zone is a significant initiative that aims to strengthen the Sri Lankan apparel sector's backward vertical integration, enabling the industry to make greater use of preferential tariff concessions in its exports to the European Union (EU), its second-largest market, as well as reduce industry lead times.

Recently, the BOI formally signed the agreement for the first FDI in Eravur, a $35 million investment by Jay Jay Mills Lanka, a supplier to globally renowned infant apparel brands. Overall, the fabric processing zone is expected to attract significant FDI's.

The infrastructure for the zone is now being constructed, including external roads and the provision of utilities such as power and water. The zone seeks to be a regional benchmark in sustainable manufacturing and is envisaged to create over 3000 direct and 5000 indirect job opportunities which would contribute towards the socio-economic development of the area.

In line with increasing investor interest, the BOI has also significantly revamped its processes, making the investment process faster and more convenient for investors.

"We've strengthened our digitization efforts, to eventually make the processes completely paperless," Weerakone explained. "We have introduced new features in our web portal to assist investors with a web-based 'Partnership finder database' which will also assist investors in linking with potential partners. These include companies that are looking for funding partnerships or viable business opportunities, as well as innovative start-ups. We will also soon unveil a dedicated Investor Facilitation Centre (IFC)."

To enable the Investor Facilitation Centre to function effectively, during the last two years the BOI has signed agreements with 13 state agencies which will play a key role in the investment approval process. The BOI will be sending the investor's application to these agencies and will be taking proactive action to expedite the approval process.

The digitization efforts of the BOI now enable investors to obtain a range of services online, without having to visit the BOI office. Such services include approvals from the Customs Department for capital goods imports, obtaining visas for investors, etc.

In addition, complementing such improvements in investment facilitation, the Sri Lankan apparel industry presents an attractive proposition. The industry has successfully built long-term partnerships with and catered to the world's leading fashion brands for decades, built a strong reputation globally for ethical and sustainable business practices, and has developed capabilities in research and development (R&D), innovation, and product development, that far exceed that of many of its peers.

Source: knittingindustry.com– Jul 14, 2022

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Germany's CPI-based inflation rate slightly down to 7.6% in Jun 2022

The consumer price index (CPI)-based inflation rate in Germany stood at 7.6 per cent in June this year compared to 7.9 per cent in May. “The main reasons for the high inflation still are price rises for energy products. The 9-euro ticket and the fuel discount had a slight downward effect on the overall inflation rate in June 2022”, said Georg Thiel, president of the Federal Statistical Office.

The office (Destatis) reported that consumer prices in June 2022 were up by 0.1 per cent over May.

The increase in prices of all energy products caused by the situation of war and crisis is, however, still a major factor determining the inflation rate. Additional factors are still delivery bottlenecks due to interruptions in supply chains, also caused by the COVID-19 pandemic, and marked price increases at upstream stages in the economic process.

This led to price rises not only for energy products, but also for other goods and services, especially many food products again, Destatis said in a release.

Energy product prices in June this year were 38 per cent higher than in the same month a year earlier, following a 38.3 per cent increase in May 2022. When the reduction of the mineral-oil tax took effect in June 2022, the increase in motor fuel prices slowed.

The increase in energy product prices was markedly higher than the overall inflation rate despite the relief measures as it is influenced by several factors.

Prices of goods (total), which also include energy products and food, also rose considerably in June year on year.

Source: fibre2fashion.com– Jul 14, 2022

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Japan's Fast Retailing's revenue up 3.9% in 9 months of FY22

The Fast Retailing Group's revenue increased and profit rose significantly in the first nine months of fiscal 2022 (FY22) from September 1, 2021 to May 31, 2022, with consolidated revenue rising to ¥1.7651 trillion (+3.9 per cent yoy) and operating profit rising to ¥271.0 billion (+19.0 per cent yoy). It also recorded finance income net of costs of ¥78.1 billion.

"This was due to the recording of a ¥77.8 billion foreign-exchange gain on foreign-currency denominated assets and other items after the yen depreciated by approximately ¥18 over the period from a rate of 1 USD = 109.9 JPY at the start of the period to 1 USD = 128.2 JPY at the end of May 2022. As a result, profit before income taxes rose to ¥349.2 billion yen (+42.2 per cent yoy) and profit attributable to owners of the parent rose to ¥237.8 billion (+57.1 per cent yoy). The progressive depreciation of the yen did boost performance in yen terms, but, even if we strip out the foreign exchange effect, profit still reached a record high in the nine months ended 31 May 2022," the company said in a press release.

Fast Retailing is advancing its LifeWear concept-the ultimate in everyday clothing, designed to make everyone's life better-to create apparel that not only emphasises quality, design, and price, but also meets the definition of "good clothing" from the standpoint of the environment, people, and society.

The entire Fast Retailing Group, based on the LifeWear concept, will accelerate its transition to a new business model encompassing both sustainability and business growth. The six materialities are: creating new value through products and services; respecting human rights in our supply chain; respecting the environment; strengthening communities; supporting employee fulfillment and implementing good corporate governance.

"As a united group, we are strengthening initiatives designed to expand our business operations and promote sustainability as part of our quest to become a global No.1 brand. We work hard to ensure our LifeWear ultimate everyday clothing is produced in working environments that are healthy, safe, and environment conscious, and strive to help solve a variety of social issues.

We are currently channeling our efforts into expanding our e-commerce, UNIQLO International, and GU businesses as key pillars of operational growth. With regards to e-commerce, we are accelerating the building of a framework that will promote our main business by melding online and physical stores so we can offer as many of the products and information that customers want, whenever they want them. We are already pressing ahead with reforms that will enable us to offer more services that combine the strengths of our physical store and e-commerce network and unify inventory management," the release added.

UNIQLO International reported large increases in both revenue and profit in the first nine months of fiscal 2022, with revenue rising to ¥841.2 billion (+13.7 per cent yoy) and operating profit increasing to ¥132.7 billion (+35.8 per cent yoy). While the depreciation of the Japanese yen boosted sales and operating profit in yen terms, the segment also achieved a record performance in local currency terms thanks primarily to significant revenue and profit increases from the South Asia, Southeast Asia and Oceania region and the North America and Europe (excluding Russia) regions. The Greater China region reported large declines in revenue and profit as the region was adversely impacted by restrictions on general movement put in place to address the spread of COVID-19 infections.

Source: fibre2fashion.com– Jul 14, 2022

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Ghana gets aid from UK for textile sector

Ghana is receiving support from the UK to transform high-potential sectors, including garments and textiles. The UK-Ghana partnership for Jobs and Economic Transformation (JET) helps create the needed policy environment to drive investment into these sectors so that they can operate at their fullest potential, generate wealth and generate employment.

Factories are being financed to enable them to return to their days of full operation and production. One such factory which is being helped on its feet now employs 750 workers instead of about 2,000 earlier.

In general Ghana is making efforts to recover after the Covid pandemic. This includes hiring an additional 38,000 nurses, waiving employee taxes and providing free water and electricity to millions of households. Several policies have been launched in the field of taxation.

First, exemption of VAT on certain textile products is expected to increase the profits of business actors and expand their production.

Second, reviewing reduction in import duty rates on all goods; the goal is that the policy of reducing import duty tariffs that are currently in effect can be more efficient and on target. Third, the reduction of the VAT rate on gold sales from unprocessed miners from three per cent to 1.5 per cent.

Source: fashionatingworld.com– Jul 14, 2022

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Bangladesh ready to cope to EU's new sustainability decision

Apparel Industry experts in Bangladesh believe, the country is fully equipped to cope with the European Union's recent decision end to fast fashion by 2030

The EU recently announced an expansion of its eco-design rules in textile products. The Union also urged big companies to disclose the volume of unsold inventory held by them.

The new rules mandate companies to refurbish their clothing designs to meet the prescribed criterion including disclosing of information on everything including the garment's shell life to the amount of recycled yarns used to make it. The rules accord each of the reviewed garments with a digital product passport to check its recyclability and control greenwashing. They also prohibit destruction of unsold or returned goods

To ensure conformity, Bangladesh is collaborating with brands like H&M, M&S, G-Star and others. Ziaur Rahman, Regional Country Manager, H&M-Bangladesh, Pakistan and Africa says, the brand is supporting the European Commission's efforts to establish a coordinated policy framework and a level playing field. However, it also supports the decisions of the local authorities and calls for collaboration between the two to enable the transformation of the entire industry, he adds.
Manufacturers maintain their stance

Bangladesh apparel manufacturers have also renewed their vision to keep pace with the new international strategies. The renewed vision was unveiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on July 5. The renewed vision states, Bangladesh apparel exporters will reduce emissions of GHG by 30 per cent by 2030 and increase use of sustainable materials by at least 50 per cent besides reducing blue water footprint by 50 per cent

The sector also aims to reduce energy consumption by 30 per cent and use at least 20 per cent of renewable energy. Apparel manufacturers will invest $1 billion in sustainable communities besides ensuring complete sustainability in data reporting, increasing the number of green factories by 80 per cent production efficiency by 60 per cent.

Faruque Hassan, President, BGMEA, reveals, the association has been working in tandem with the European Commission and will emphasize on establishing a sustainable and circular economy. BGMEA is also working with P4G-funded Circular Fashion Partnership (CPF) initiative to achieve a long-term, scalable transition to a circular fashion, he adds.

Bangladesh leads the world in all aspects regarding sustainable factory and circular fashion, explains Mohiuddin Rubel, Director, BGMEA. The country has 163 LEED-certified green factories with 550 more in the pipeline, he adds. Now it is creating a situation that ensures no factory will survive without being sustainable.

Source: fashionatingworld.com– Jul 14, 2022

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Bangladesh's forex reserves fall below $40 bn for 1st time in 2 years

Bangladesh's foreign exchange reserves have dipped below $40 billion for the first time in nearly two years after its central bank recently settled import payments worth $1.99 billion with the Asian Clearing Union (ACU). The reserves, which stood at $46.15 billion in December last year, have been under stress in recent months and are at $39.80 billion now.

India, Bhutan, Iran, the Maldives, Bangladesh, Myanmar, Nepal, Pakistan and Sri Lanka are members of the Tehran-headquartered ACU. The central banks of these countries make payments to settle import bills every two months.

As exports and remittance flow failed to keep pace with rising import bills, between July and May in the last fiscal, imports increased to $75.40 billion, up by 39 per cent year on year when exports grew by 33 per cent to $44.58 billion, according to Bangladeshi media reports.

In fiscal 2021-22, remittances too contracted for the first time in six years as many remitters opted for informal channels to send in money.

The country's central bank is now injecting US dollars on a regular basis into the money market, helping banks settle import bills. It supplied $7.62 billion in fiscal 2021-22 and $209 million in this fiscal.

Source: fibre2fashion.com– Jul 14, 2022

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Bangladesh's importers allowed to extend guarantees to foreign lenders

The Bangladesh Bank recently allowed importers to extend corporate, personal or third-party guarantees to foreign lenders making payments to suppliers under buyer's credit against imports on sight letters of credit to facilitate short-term import finance under buyer's credit, a loan facility extended to an importer by an overseas lender to finance purchase of capital goods, services and other items.

The total value of import letters of credit (LCs) opened by authorised dealer banks between July 2021 and May 2022 was 43.10 per cent higher than that of the same period of the previous year.

Import LCs were worth $84,852.07 million during this period and $59,297.49 million during the same period the previous year, said a press release from the central bank.

The value of LCs settled during July 2021-May 2022 totalled $75,133.30 million—47.59 per cent higher than that of the same period of the previous year ($50,907.04 million), Bangladeshi media reported.

Source: fibre2fashion.com- Jul 15, 2022

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NATIONAL NEWS

India's overall exports (Merchandise and Services) grow by 23% in June; Exports growth in 1st quarter over 25%;

India's overall exports (Merchandise and Services combined) in June 2022* are estimated to be USD 64.91 Billion, exhibiting a positive growth of 22.95 per cent over the same period last year.

The overall exports (Merchandise and Services combined) in the 1st quarter of FY 22-23 (April-June 2022)* are estimated to be USD 189.93 Billion, exhibiting a positive growth of 25.16 per cent over the same period last.

The overall imports in June 2022* are estimated to be USD 82.42 Billion, exhibiting a positive growth of 55.72 per cent over the same period last year. In the 1st quarter of the FY22-23, the overall exports are estimated to be USD 235.11 Billion, exhibiting a positive growth of 49.41 per cent over the same period last year.

MERCHANDISE TRADE

- Merchandise exports in June 2022 were USD 40.13 Billion, as compared to USD 32.49 Billion in June 2021, exhibiting a positive growth of 23.52 per cent.
- Merchandise imports in June 2022 were USD 66.31 Billion, which is an increase of 57.55 per cent over imports of USD 42.09 Billion in June 2021.
- The merchandise trade deficit in June 2022 was estimated at USD 26.18 Billion as against USD 9.60 Billion in June 2021, which is an increase of 172.72 per cent.
- Merchandise exports for the period April-June 2022 were USD 118.96 Billion as against USD 95.54 Billion during the period April-June 2021, registering a positive growth of 24.51 per cent.
- Merchandise imports for the period April-June 2022 were USD 189.76 Billion as against USD 126.96 Billion during the period April-June 2021, registering a positive growth of 49.47 per cent.

Export Growth in Commodity Groups in June 2022

Sl. No.	Commodities	(Values in Million USD)		% Change
		JUN'21	JUN'22	JUN'22
	Commodity groups exhibiting positive growth			
1	Petroleum Products	3952.25	8656.68	119.03
2	Other cereals	88.32	153.99	74.35
3	Electronic Goods	1043.10	1676.24	60.70
4	RMG of all Textiles	1001.81	1500.91	49.82
5	Rice	742.70	1061.37	42.91
6	Leather & leather products	325.00	450.42	38.59
7	Oil seeds	78.30	101.54	29.68
8	Mica, Coal & Other Ores, Minerals including processed minerals	380.61	492.07	29.28
9	Cereal preparations & miscellaneous processed items	198.90	254.53	27.97
10	Coffee	85.54	108.18	26.47
11	Gems & Jewellery	2824.44	3538.67	25.29
12	Oil Meals	110.18	134.34	21.93
13	Jute Mfg. including Floor Covering	34.22	41.72	21.92
14	Tea	53.06	64.05	20.71
15	Meat, dairy & poultry products	329.61	386.41	17.23
16	Ceramic products & glassware	292.42	332.36	13.66
17	Marine Products	645.66	724.54	12.22
18	Organic & Inorganic Chemicals	2666.23	2917.85	9.44
19	Tobacco	95.05	100.84	6.09
20	Drugs & Pharmaceuticals	2021.42	2119.08	4.83
21	Engineering Goods	9295.58	9576.26	3.02
22	Spices	318.69	326.03	2.30
23	Fruits & Vegetables	206.05	206.72	0.33
24	Man-made Yarn/Fabs./made-ups etc.	448.92	450.00	0.24
Sl. No.	**Commodities**	**(Values in Million USD)**		**% Change**
		JUN'21	**JUN'22**	**JUN'22**
	Commodity Groups exhibiting negative growth			
25	Iron Ore	509.65	11.16	-97.81
26	Handicrafts excl. handmade carpet	162.64	115.99	-28.68
27	Plastic & Linoleum	979.51	783.48	-20.01
28	**Cotton Yarn/Fabs./made-ups, Handloom Products etc.**	**1194.50**	**961.73**	**-19.49**
29	Carpet	143.00	130.17	-8.97
30	Cashew	24.53	23.09	-5.87

Click here for more details

Source: pib.gov.in - Jul 14, 2022

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How India missed the global trade bus

About three decades ago, India's trade policy was liberalised in response to a major economic crisis. In the summer of 1991, India faced an unprecedented balance of payments problem, made worse by a rapid widening of the Union government's fiscal deficit. The Indian rupee was devalued sharply in two phases and export subsidies were abolished. In the following few years, import licensing was substantially relaxed, import duties were slashed and the Indian rupee was gradually made fully convertible on the current account.

India's exports, which were just about 6 per cent of gross domestic product or GDP in 1990-91, began rising along with imports which were then estimated at less than 9 per cent of GDP. By the end of the century, these ratios improved to 8 per cent for exports and 12 per cent for imports. In the following 12 years, the pace picked up and exports accounted for about 17 per cent of GDP and imports were much higher at 27 per cent of GDP. But in the following six or seven years, those ratios began declining quite rapidly. By 2019-20, a pre-Covid year, the share of exports in GDP dipped to just 11 per cent and imports fell to 17 per cent. What went wrong with India's foreign trade?

Noted trade policy expert and professor of economics at Jawaharlal Nehru University, Amita Batra, presents a riveting account of how India missed the bus on trade in the last two decades. She recalls that even when India's merchandise trade-to-GDP ratio in 2018 was 30 per cent, China's was 60 per cent, Mexico had notched up a share of 76 per cent and Indonesia had a share of 35 per cent. Using a different matrix, she notes that India's share in global merchandise exports and imports was around 2 per cent, while China had a share of 10 per cent.

Her central point is that the most significant development in global trade in the 21st century has been the rise and rise of global value chains (GVC) as a key trigger for propelling trade among countries. There was fragmentation and geographical dispersion of production across the world, resulting in intermediate goods and components crossing many borders before being shipped to their final consumption centres. Both the rise of global trade in the first decade of the 21stcentury and its slowdown in the second decade were attributable to the evolution of GVCs and their subsequent restructuring.

The second big development that has marked global trade in the last two decades, according to Dr Batra, is that the increase in global trade during this period has been led by developing countries, which now account for as much as half of the total global exports of merchandise goods. India is a laggard in that list of developing countries. Sadly, she argues, India's declining participation in GVCs is one of the reasons for its disappointing trade performance. The problem emanates not just from India's failure to exploit the opportunities arising out of GVCs. "India's trade policy has not just been more protectionist relative to other developing economies over this period, but also not been driven by the objective of GVC integration," she notes. Complicating this problem has been India's hesitation in forging preferential trade agreements and even shying away from regional trading arrangements, which help member-countries integrate with regional or global value chains.

The six chapters in this book provide an excellent historical perspective of how India's trade policy evolved, how global trade experienced major shifts, including the rise of GVCs, India's performance in global trade in the past two decades, what ails India's policy on its engagement with GVCs and what options are available to the government.

The highlight of the book is a clear elucidation of five basic trade policy principles that should guide the Indian government and with which few could have disagreements. These imperatives are to integrate India with GVCs instead of trying to build entire supply chains domestically, lay greater emphasis on GVCs in sectors with maximum backward linkages, forge trade and investment policies that support such integration, set up linkages with geographically proximate GVC hubs in East Asia and South-East Asia and restructure the policy on free trade agreements to focus not just on tariff reduction but also on reforming the rules of origin, regulatory frameworks for GVC investments and investor protection.

Apart from lucidly articulating her assessment of what went wrong with India's trade policy, Dr Batra provides a mine of data on global trade, with particular emphasis on India. The only complaint is that the rich data in the book would have made a bigger impact if they were presented in the form of more accessible charts and graphics. Nevertheless, no serious trade economist or trade policymaker in the government should give this book a miss.

Source: business-standard.com- Jul 14, 2022

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Settling trade in rupee: FTP tweaks may allow traders export benefits

The Union government will soon make amendments to the foreign trade policy (FTP) to enable exporters to claim export benefits for settling trade in rupees. These benefits are, so far, available for export payments received in foreign currencies.

After the Reserve Bank of India (RBI) unveiled a mechanism to settle international trade transactions in the local currency on Monday, exporters have been demanding that the Ministry of Commerce and Industry come up with a clarification on the matter. “Since the central bank has allowed payments for cross-border payment in rupees, minor amendments to the foreign trade policy will have to be made,” a senior government official told Business Standard.

It is not clear whether such changes will be part of the existing FTP or the new policy that the Directorate General of Foreign Trade (DGFT) hopes to unveil in September.

“According to our FTP, export incentives under schemes, such as the Rebate of State and Central Taxes and Levies (RoSCTL) and Remission of Duties and Taxes on Export Products (RoDTEP), are not available for settling trade in rupees, except in the case of Iran.

As the RBI has announced that trade can be done with any country in rupees, it must announce a change in the (foreign trade) policy,” said Khalid Khan, vice-president, the Federation of Indian Export Organisations (FIEO).

The RBI earlier this week had said that trade in rupees was being allowed to promote growth of global trade with emphasis on exports from India and support the increasing interest of the global trading community in INR. Banks have to get approval for doing such transactions and the exchange rate between the currencies of the two trading partner countries will be market-determined.

Exporters have cheered the move and said it shall enable trade, especially with sanctions-hit nations, such as Russia. In the case of Iran, which is also under US sanctions, only two banks -- IDBI Bank and UCO Bank -- were allowed to process trade settlements in rupees. The mechanism announced by the central bank, if implemented well, will boost India-Iran trade, they said.

Exporters are currently awaiting detailed guidelines on how the RBI circular will be implemented and said it is too early to understand how swiftly the arrangement shall work.

The government official cited above said the process will take some time to implement. To start with, Indian banks will have to agree to such an arrangement in place, and this has to be followed by foreign banks' interest in opening a vostro account in one of the designated banks in India.

Source: business-standard.com- Jul 15, 2022

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India seeks changes in pact on taxation with Australia

India has asked Australia to expedite amendments to regulations pertaining to the Double Taxation Avoidance Agreement (DTAA), in accordance with an understanding reached between the two sides in April, as Indian information technology (IT) companies that operate in that country continue to be forced to pay more taxes than they should.

Minister of state for commerce and industry Anupriya Patel has told visiting deputy premier of Western Australia province Roger Cook that the amendment should be done at the earliest to stop taxing the offshore income of Indian firms providing technical support there, the commerce ministry said on Thursday.

Both the sides also acknowledged the need for an early ratification of the interim trade deal, or the India Australia Economic Co-operation and Trade Agreement (ECTA), which was signed in April. Canberra's decision to tweak its domestic law to stop such taxation is a part of the India-Australia ECTA.

Once implemented, the move will correct a costly anomaly in the 1991 DTAA between the two countries and enable IT and ITeS (IT-enabled Services) players to substantially scale up their operations in Australia. The anomaly is expected to have cost Indian IT companies about $1.3 billion since 2012, according to an industry estimate.

Using the provisions of the India-Australia DTAA, Canberra has been taxing income generated from offshore IT services rendered from India as royalty, even when the same income is being taxed in India as well.

Source: financialexpress.com- Jul 15, 2022

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Rouble trouble, a unique opportunity for India

Boosting ties with Russia will strengthen India's energy and national security

In a year which saw a storm in all currency markets, Russia's rouble has come full circle.

On March 10, the rouble hit a low of 150 against the US dollar from a stable level near 70 for the past two years.

But on June 26, doing a volte face, rouble reached almost 50 against the US dollar, its strongest level in seven years. What is happening with the rouble and how does it impact India?

The West imposed draconian sanctions on Russia in response to the Ukraine invasion. The immediate impact was the collapse of rouble. Russia took many measures to arrest the fall. The Russian central bank mandated that 80 per cent of foreign earnings of Russian firms had to be converted to rouble. It increased interest rates to 20 per cent from 9.5 per cent in one go.

Russia decreed that hostile country buyers had to pay in rouble for buying natural gas. This resulted in increased demand for roubles and its appreciation. This was aided by a historical rise in the prices of oil and gas and continued demand for Russian energy products. An appreciating rouble gave Russians a sense of pride which overshadowed the mounting losses in Ukraine.

But the s,tory here is also somewhat deeper. There has been a complete collapse of imports as they fell to multi-decade lows due to the sanctions. Russia was also removed from the global payment system SWIFT.

Hence, there is no need or possibility for them to sell roubles to buy foreign exchange. So ruble is currently like an illiquid unlisted firm with no way to determine its fair price. If a currency is not traded in the market and the demand for the foreign currency evaporates, what is its true equilibrium price?

Impact on India

India and Russia have been long standing strategic partners with bilateral trade at around $13 billion in March 2022.

In the short term, the immediate benefit to India is to buy cheaper crude oil from Russia. In the medium term, Western countries vacating the Russian business space can provide uncontested market access to Indian products. In the long run, diversification of energy sources away from West Asia is a critical aspect of energy security and consequently national security.

With the current restrictions expected to continue, it would be extremely difficult to use reserve currencies for trade with Russia. As per reports, the solutions being discussed are a 'rupee-rouble' mechanism and a new BRICS currency based on a basket of member currencies.

In international trade, profitability is dependent on the price of products and exchange rate between the currencies. Since the value of rouble is indeterminable, it cannot be blindly used in settling trade. Else all gains may turn out to be merely paper profits.

Since convertible currencies like USD are unusable, the best solution for India is to insist on a rupee payment mechanism. The imports by India and Russia would be both settled in INR. This would be a concrete step towards internationalisation of the rupee.

Indian firm UltraTech recently used Chinese yuan to buy Russian coal. This strengthens the internationalisation process of Yuan and given our competitive interests in the region, is not the best way out.

Internationalisation of rupee will be beneficial for India as it lowers transaction costs of trade and investment operations by mitigating exchange rate risk. By decreasing demand for foreign exchange, it supports the value of rupee. It will help our companies with lower hedging and borrowing costs and provides our financial companies scope for global expansion. It will also give India political leverage and increased soft power. These will go a long way in establishing a leadership position for India in the world in general and in the Asia Pacific region in particular.

Russia may have reservations on this due to the limited use of the excess rupee balances arising out of the bilateral trade deficit. But in the long term with Indian companies displacing West in exports to Russia, the trade deficit is expected to narrow. The process has already started. Confederation of All India Traders (CAIT) said that trade organisations from Russia are seeking assistance to connect with Indian manufacturers, traders and exporters.

The RBI noted in its report that internationalisation of rupee is inevitable, but it did point out some risks involved. This makes the simultaneous pursuit of exchange rate stability and a domestically oriented monetary policy more challenging. It can potentially limit the ability of the central bank to control domestic money supply and influence interest rates.

However no worthy goal comes without some risks and we should embrace the challenges to claim our rightful place in the world. The RBI by recently allowing the trade to be denominated and invoiced in the Indian rupee has taken the first step.

India can use this opportunity to strengthen its ties with Russia. Holistically, this situation can provide a unique opportunity to strengthen our economic, energy and national security.

Source: thehindubusinessline.com- Jul 14, 2022

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Global cotton output likely to increase 3 per cent next season, says USDA

Industry stakeholders believe that cotton exports would be lower this crop year

Indian output may rise 12 per cent, but world offtake seen stagnant

Cotton production is likely to increase in the next global season (August 2022-July 2023) by 3.3 per cent, but consumption and world trade may remain stagnant or see a marginal rise only, the US Department of Agriculture (USDA) has said.

This is in view of lower consumption by China, Bangladesh, and Vietnam, it said.

“Global consumption prospects have declined as negative macroeconomic forces dampen consumer demand for goods as greater demand for services is manifest and combined with higher inflation. The World Bank and the Organization for Economic Co-operation and Development have downgraded their global economic outlooks recently relative to forecasts from earlier this year, and the International Monetary Fund has signalled a decline in its projections later this month,” the USDA said in its latest ‘World Markets and Trade’ outlook.

Combination of factors

Lower consumption prospects can also be attributed to a combination of factors including the recent price rally of cotton, high container rates and limited supply, besides rising inflation and hike in interest rates globally, including the Federal Reserve’s recent actions, it said.

The USDA has estimated next season’s global output at 153.7 million bales (of 170 kg each) against 148.80 million. India and China are likely to produce an identical 35.2 million bales.

India’s cotton crop this season has been estimated at 31.37 million bales, in line with the trade’s revised estimates, while China’s crop is projected at 34.5 million bales. This will mean, India’s output will increase 12 per cent.

Estimates lowered

The USDA has lowered its global crop estimates for next season from 155.31 million bales a month ago. Subsequently, it lowered consumption for next season from its outlook a month ago. However, it will be marginally higher than the current season.

Consumption is estimated for next season at 153.49 million bales against 153.42 million bales this season. In June, it had pegged next season's consumption at 155.65 million bales. Global imports are estimated at 59.38 million bales against 55.48 million bales. However, they are lower than the June outlook of 60.81 million bales.

"Lower production, late crops, logistical delays, and stalled negotiations related to late shipments are impeding global trade. Major exporters including India and Australia are dealing with these issues in the current season, with Indian production down and therefore having less supplies available to ship, and Australia's crop being later than expected and delaying shipments," the USDA said.

Ending stocks up a tad

Future cotton lint production and consumption continue to be suppressed by weaker demand for cotton products, the agency said, adding that global imports are expected to rebound next year owing to an increase in exportable supplies though the use will remain flat. The USDA projected ending stocks at 107.9 million bales against 107.6 this season. It said the season-average US farm price for cotton is estimated to be 95 cents a pound (₹60,000 per candy of 356 kg) against 92 cents this season (₹58,125/candy).

Benchmark cotton futures on Inter Continental Exchange are currently ruling at nearly 10-month low of 94.25 cents a pound (₹74,575/candy). Domestic cotton prices are currently ruling at ₹86,500 a candy, while on MCX cotton for delivery in August is quoted at ₹38,720 a bale (₹81,100/candy). Prices have dropped by a third over the past month on fears of lower demand and prospects of higher supply.

Source: thehindubusinessline.com– Jul 14, 2022

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Centre hopes to roll out Labour Codes in the next three to four months

Discussions largely completed but mid-year roll out may be problematic

The Centre is hoping that the much delayed Labour Codes are implemented in the next three to four months with most States having finalised their own draft rules and deliberations are ongoing on the way forward.

According to sources, "Barring a few, almost all States have now finalised their draft rules. It would be ideal if the Codes can be rolled out over the next few months." The Centre would hope to have the codes implemented before the end of the current fiscal.

"We are in July, with most of the work now completed. The Codes can be implemented by October or November," another source said, adding that discussions with all stakeholders including employers and trade unions have been completed.

Problems in mid year roll out?

Most companies and employers had anticipated that the Labour Codes would be implemented from the start of the current fiscal and had also revamped their salary structures and plans accordingly.

However, "A mid year roll out of the Code could be challenging as it would lead to problems in computation of bonus, etc," said an expert who did not wish to be named, adding that implementing the Codes from the start of the fiscal year would be ideal.

However, with elections coming up in 2024, it is to be seen whether the government would choose to implement the Codes in 2023 as they are also an emotive issue, he further noted.

Labour laws codified

In order to streamline and modernise the plethora of labour laws, the government had codified them to replace 29 labour laws into four codes.

These include Code on Wages, Code on Social Security, Occupational Safety, Health and Working Conditions Code and the Industrial Relations Code. The Labour Codes are one of the most long pending and much awaited reforms of the government.

Amongst various measures, the new Codes would rework the wages and provident fund calculations through restructuring of salaries. It would also improve ease of doing business by permitting firms with up to 300 workers to decide on lay-offs, retrenchment and closure without government permission.

The Parliament had passed the Code on Wages in 2019 and the other three Codes in 2020. They were initially expected to be implemented from April 1, 2021 but were delayed due to the Covid-19 pandemic. It was then expected that these would be rolled out from April 1 this year but with many States yet to finalise their rules, they were pushed back again.

Union Labour Minister Bhupendra Yadav had in April this year exuded confidence that the Codes would be implemented soon as around 90 per cent of States have already come out with draft rules.

Labour is part of the Concurrent List of the Constitution and both the Centre and States have to draft their own set of rules.

Source: thehindubusinessline.com– Jul 14, 2022

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Centre extends RoSCTL scheme for export of garments, apparels

The government has approved the extension of the scheme for Rebate of State and Central Taxes and Levies (RoSCTL) till March 31, 2024 for export of apparel, garments and made-ups with the same rates, the Ministry of Textiles said in a press release on Thursday.

Chairman of Apparel Export Promotion Council (AEPC), Naren Goenka, said so far the scheme has helped a large number of MSMEs to join the apparel export business. “It has helped India to improve cost efficiency and the export competitiveness of Indian textiles and garments in the international market. And, also promoted growth of start-ups and entrepreneurs in the domain,” he said.

“RoSCTL is a forward-looking and growth-oriented scheme which has provided a stable and predictable policy regime, helping boost exports and employment.”

After the introduction of GST in 2017, the RoSL (Rebate of State Levies) scheme was replaced by a new scheme – Rebate of State and Central Taxes Levies (RoSCTL) in March 2019.

Source: economictimes.com– Jul 14, 2022

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WPI-based inflation declines marginally to 15.18% for the month of June, 2022

The annual rate of inflation based on All-India Wholesale Price Index (WPI) number is 15.18% (Provisional) for the month of June, 2022 (over June, 2021). This is marginally lower than the WPI number of 15.88% in May, 2022, The high rate of inflation in June, 2022 is primarily due to rise in prices of mineral oils, food articles, crude petroleum & natural gas, basic metals, chemicals & chemical products, food products etc. as compared to the corresponding month of the previous year.

The index numbers and inflation rate for the last three months of all commodities and WPI components are given below:

Index Numbers & Annual Rate of Inflation (Y-o-Y in %)*							
All Commodities/Major Groups	**Weight (%)**	**Apr-22 (F)**		**May-22 (P)**		**June-22 (P)**	
		Index	**Inflation**	**Index**	**Inflation**	**Index**	**Inflation**
All Commodities	100.0	152.3	15.38	154.0	15.88	154.0	15.18
I Primary Articles	22.6	174.5	15.18	179.8	19.71	182.4	19.22
II Fuel & Power	13.2	151.2	38.84	154.4	40.62	155.4	40.38
III Manufactured Products	64.2	144.7	11.39	144.8	10.11	143.7	9.19
Food Index	24.4	173.3	9.13	176.1	10.89	178.4	12.41

Note: P: Provisional, F: Final, *Annual rate of WPI inflation calculated over the corresponding month of previous year

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Source: pib.gov.in- Jul 14, 2022

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Shri Bhupender Yadav attends BRICS Labour and Employment Ministers' Meeting 2022

The Union Minister for Labour & Employment, Shri Bhupender Yadav attended the BRICS Labour and Employment Ministers' Meeting today held under the Chinese Presidency. The Ministers of the member countries viz. Brazil, Russia, India, China and South Africa participated in the meeting. Discussions were held on three priority issues, namely, Promoting Green Jobs for Sustainable Development; Developing Skills for Resilient Recovery; and Protecting Workers' Right in New Forms of Employment.

During the session on discussion among BRICS Ministers, Shri Bhupender Yadav elucidated the steps taken by India to provide relief to workers during the pandemic. Shri Yadav highlighted various initiatives taken towards providing free ration, enhancing the number of days of assured employment under MNREGA, collateral free loans provided to 2.9 million street vendors to help them resume their businesses under PMSVANidhi Yojana during the pandemic.

As regards the priority issues discussed in the meeting, the Minister said that Climate change is necessitating a shift towards more sustainable development and green jobs. He further informed that a Sector Council for Green Jobs has been set up in India to develop strategy and implement programs for Skill development in green sector. The variety of Decentralized Renewable Energy livelihood opportunities which are being developed in India, including myriad solutions like solar dryer, biomass powered cold storage/chiller, were also enunciated. In addition, the Minister also stressed upon the measures taken to harness the potential of Blue Economy and Agro-Forestry in India.

Various skill development initiatives undertaken by the Government were also highlighted by the Minister during the meeting. Further, various steps such as e-Shram Portal, conducting of All India Surveys of Migrant Workers and Domestic Workers taken by the Government of India towards welfare of informal sector workers were also highlighted.

The Minister also informed about the legislative initiatives taken by India such as the Code on Social Security, 2020, which defines the new forms of workers i.e. gig and platform workers and the steps taken to provide social security benefits to such workers were also emphasized.

One of the significant outcomes of the aforesaid meeting was the adoption of the BRICS Labour & Employment Ministers' Declaration.

The Declaration recognized the need for promoting green jobs for sustainable development, strengthening of cooperation in skills development and; protection of workers' rights in new forms of employment.

Click here for BRICS Labour & Employment Ministerial Declaration

Source: pib.gov.in- Jul 14, 2022

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Demand for textiles expected to revive: ITF

Demand for textile products is expected to improve from the end of this month, according to Prabhu Dhamodharan, convenor of Indian Texpreneurs Federation.

According to a press release, the textile and apparel sector is facing uncertainty and challenges in demand and operational profitability for the last three months. Capacity utilisation has dropped across the textile value chain, especially for yarn and fabric, since May.

“We believe that the current trend is transitory in nature and the vibrant domestic consumption will support demand in the coming months along with revival of volumes in exports,” he said.

At present, Indian retail inventories are low. With festival season approaching, domestic demand for yarn and fabric is expected to increase. Further, with fall in price of raw materials, the entire manufacturing value chain has exhausted its stocks. This low supply trend will create a demand in the upcoming cycle. There are strong signals that buying will revive.

Even after accounting for the inflationary trend, fashion domestic consumption will grow nominally due to expansion of GDP and opening up of the economy. “We believe that the current size of $ 85 billion will expand at least by 5 % to 7% in this year,” he said.

On the international front, the US trade data for May indicates strong import trend. The US imported ₹ 66,000 crore worth of apparels in May, which is higher 5 % compared to the previous three months average. Reduction in freight and raw material cost will also help boost overseas demand for textiles, he said.

Medium term outlook is good for textile exports mainly due to the continuous challenges emerging in China, one of the major producing countries. Buyers are steadily expanding their sourcing base to India, he added.

Source: thehindu.com– Jul 14, 2022

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Drop in global cotton prices in favor of textile exporters

Falling world cotton prices coupled with the depreciation of the Indian rupee against the US dollar have helped the ailing textile industry.

Textile traders expect fresh export orders in the coming months, especially for fabrics. Currently, cotton prices are at their 20-month low and are likely to fall further due to large-scale seeding in cotton-producing states including Gujarat, Maharanee's, Madhya Comradeship, Easthampton, Punjabi, Hardpan, Carnation, Permanganate, Tamil Nada and Andorra Comradeship.

In fact, cotton brokers are anticipating a cooling in cotton prices to below Rs 65,000 per sweet (356 kg per sweet) once the fresh cotton crop hits the market in October this year.

"Export demand for fabrics and ready-to-wear is likely to grow as a result of the gradual decline in cotton prices," said an industry observer.

In terms of clothing, Bangladesh and Vietnam are the biggest winners in the international markets compared to India. These two countries benefit from the China-plus-one policy of European countries and the US.

In addition, unrest in Sri Lanka has also led to a diversion of exports to both countries, according to industry sources.
"In the fabric segment, India is likely to dominate the global market in the coming months for the same reasons," said Baccarat Chhajed, former president of the Powerloom Development & Export Promotion Council (PDEXCIL), founded by the Indian government.

The depreciation of the rupee against the US dollar is likely to provide a windfall for Indian textile exporters compared to their Chinese counterparts, Chhajed claims. According to him, units operating across the textile value chain are currently making losses due to existing raw material stocks that they have purchased at higher rates.

Vinay Thadani, CEO of Vishal Fabrics Limited, one of the leading denim producers in the country, said the competitiveness of denim exporters from India has improved significantly following the continued decline in cotton prices.

“Denim exporters struggled to cope with Chinese competitors as raw material (cotton) prices rose from Rs 40,000 to Rs 50,000 to as much as Rs 1.10 lakh per sweet in the past 18 to 20 months.

The cotton sowing figures are encouraging and the textile industry expects an increase in the cotton harvest this season. “Raw materials will be available at lower rates and eventually production costs will also decrease,” says Thadani.

However, he said textile demand is likely to remain subdued for a month or two, but after that, cotton prices are likely to stabilize.

However, spinners are unlikely to benefit from falling cotton prices, as cotton yarn prices fall faster than cotton, Gautam Dhamsania claimed, adding: “In this declining trend in cotton prices, weavers are demanding yarn at lower prices in anticipation of further declines in cotton prices.” As far as spinners are concerned, they won’t be able to operate profitably until October when fresh cotton supplies hit the market,” he said.

However, he was optimistic about the general outlook for the textile industry as a whole, including the long-term spinning segment, following an increase in cotton acreage under cultivation.

Source: financialexpress.com– Jul 15, 2022

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